

BEFORE THE  
POSTAL REGULATORY COMMISSION  
WASHINGTON, DC 20268-0001

Competitive Product Prices  
Parcel Select & Parcel Return Service Contract 3  
(MC2012-15)  
Negotiated Service Agreement

Docket No. CP2012-22

PUBLIC REPRESENTATIVE COMMENTS ON  
POSTAL SERVICE NOTICE OF AMENDMENT TO PARCEL SELECT AND PARCEL  
RETURN SERVICE CONTRACT 3

September 30, 2016

I. INTRODUCTION

The Public Representative hereby provides comments pursuant to a notice initiating this docket.<sup>1</sup> In that Initiating Notice, the Commission reopens the above referenced docket to receive comments from interested persons, including the undersigned Public Representative, on a Postal Service Notice of amendment to Parcel Select & Parcel Return Service Contract 3.<sup>2</sup>

II. BACKGROUND

The Commission approved the original Parcel Select & Parcel Return Service Contract 3 in Order No. 1348, dated May 21, 2012.<sup>3</sup> On October 31, 2014, the

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<sup>1</sup> Notice Initiating Docket(s) for Recent Postal Service Negotiated Service Agreement Filings, September 26, 2016. (Initiating Notice)

<sup>2</sup> Notice of United States Postal Service of change in Prices Pursuant to Amendment to Parcel Select and Parcel Return Service Contract 3. (Notice).

<sup>3</sup> Order Adding Parcel Select & Parcel Return Contract 3 to the Competitive Product List, May 21, 2012 (Order No. 1348). See *also*: Notice of the United States Postal Service of Filing Errata to Request and Notice, May 7, 2012.

Commission approved the first amendment to the original contract (Amendment 1).<sup>4</sup> On July 13, 2015, the Commission approved the second amendment to Parcel Select & Parcel Return Service Contract 3 (Amendment 2).<sup>5</sup>

In this docket, the Postal Service stated that the terms of the contract “have changed as contemplated by the contract’s terms.” *Notice* at 1. To support its Notice, the Postal Service filed a redacted copy of the Amendment in Attachment A. The Amendment is scheduled to become effective two business day after the Commission completes its review of the filing. *Notice* at 1.

### III. COMMENTS

*Requirements of 39 U.S.C. § 3633.* Pursuant to section 3633(a), prices for competitive products must cover each product’s attributable costs, not result in subsidization of competitive products by market dominant products, and ensure that all competitive products collectively contribute an appropriate share of the institutional costs of the Postal Service.

The contract contains several terms that allow periodic adjustments to the contract’s prices. *Notice*, Attachment A at 7-9. These terms should maintain the contract’s ability to meet the requirements of 39 U.S.C. § 3633(a) over the lifetime of the contract.<sup>6</sup> The Commission will also have an opportunity to review the revenue, cost and volume data for the amended Parcel Select & Parcel Return Contract 3 in future Annual Compliance Determination Reports.

The Public Representative has reviewed the financial worksheets filed under seal, Chairman Informational Requests, and Postal Service notices for each

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<sup>4</sup> Order Approving Amendment to Parcel Select & Parcel Return Service Contract 3 Negotiated Service Agreement, October 31, 2014 (Order No. 2233). See also Notice of United States Postal Service of Change in Prices Pursuant to Amendment to Parcel Select and Parcel Return Service Contract 3, October 20, 2014 (Notice of Amendment 1).

<sup>5</sup> Order Approving Amendment to a Parcel Select & Parcel Return Service Negotiated Service Agreement, July 13, 2015 (Order No. 2579).

<sup>6</sup> Contract 3 is scheduled to expire on May 31, 2019, subject to early termination provisions. Order No. 1348 at 4 and Order No. 2233 at 3-4.

Amendment. Based upon that review, the Public Representative concludes that the current amendment should generate sufficient revenue to cover costs and satisfy the requirements of 39 U.S.C. § 3633(a).

The Public Representative respectfully submits the foregoing comments for the Commission's consideration.

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